



SMALL BUSINESS ADMINISTRATION

13 CFR Part 120

Maximum Allowable 7(a) Fixed Interest Rates

AGENCY: U.S. Small Business Administration.

ACTION: Notification announcing the maximum allowable 7(a) loan fixed interest rates.

SUMMARY: This document announces the maximum allowable fixed interest rates for 7(a) guaranteed loans, except for Export Working Capital (EWCP) Loans.

DATES: This action is effective August 1, 2022.

FOR FURTHER INFORMATION CONTACT: Ginger Allen, Chief, 7(a) Loan Policy Division, Office of Financial Assistance, U.S. Small Business Administration, 409 Third Street SW, Washington, DC 20416; telephone: (202) 205-7110; email:

ginger.allen@sba.gov; or the Lender Relations Specialist in the local Small Business Administration (SBA) District Office. The local SBA District Office may be found at <https://www.sba.gov/tools/local-assistance/districtoffices>. The phone number above may also be reached by individuals who are deaf or hard of hearing, or who have speech disabilities, through the Federal Communications Commission's TTY-Based Telecommunications Relay Service teletype service at 711.

SUPPLEMENTARY INFORMATION: Agency regulations at 13 CFR 120.213(a), Fixed Rates for Guaranteed Loans, state that “[a] loan may have a reasonable fixed interest rate. SBA periodically publishes the maximum allowable rate in the Federal Register.”

On November 6, 2018, SBA published a Federal Register Notice (83 [FR](#) 55478) establishing that the maximum allowable fixed interest rate for 7(a) loans (including SBA Express and Export Express loans, and excluding Export Working Capital Program (EWCP) loans) was the Fixed Base Rate, plus a maximum allowable spread based on the term of the loan, plus an additional spread for loans \$50,000 or less as provided in 13

CFR 120.215. The 2018 notice states that maximum allowable fixed rates are 600 basis points for loans of \$25,000 or less plus the 200 basis points permitted by 13 CFR 120.215; 600 basis points for loans over \$25,000 but not exceeding \$50,000, plus the 100 basis points permitted by 13 CFR 120.215; 600 basis points for loans greater than \$50,000 up to and including \$250,000; or 500 basis points for loans over \$250,000.

On June 30, 2022, SBA published in the Federal Register the final rule *“Regulatory Reform Initiative: Streamlining and Modernizing the 7(a), Microloan, and 504 Loan Programs To Reduce Unnecessary Regulatory Burden”* (87 FR 38900), effective August 1, 2022. In this final rule, SBA removed or revised various regulations governing the agency's business loan programs that were considered obsolete, unnecessary, ineffective, or burdensome. One of the regulations removed, 13 CFR 120.215, *What interest rates apply to smaller loans?*, was used as a basis for the maximum allowable fixed interest rates for 7(a) loans of \$50,000 and less. The removal of 13 CFR 120.215 does not affect the maximum 7(a) interest rates because the regulation at 13 CFR 120.215 was in effect when the FRN was published. However, to avoid confusion in the lending industry, SBA is publishing this document to confirm the method for calculating maximum allowable fixed interest rates for 7(a) loans (including fixed rate SBA Express and Export Express loans, and fixed rate loans made under the Community Advantage Pilot Program, but excluding EWCP loans).

SBA is updating the allowable fixed interest rates for loans of \$50,000 and less by removing the language referencing the additional spread permitted by 13 CFR 120.215 and stating that the allowable spread for fixed rate 7(a) loans of \$25,000 and less is 800 basis points and the allowable spread for fixed rate 7(a) loans of more than \$25,000 but not exceeding \$50,000 is 700 basis points. The maximum allowable fixed interest rates for 7(a) loans of more than \$50,000 remain unchanged.

The interest rates set forth in this document are applicable to all 7(a) fixed rate loans (including SBA Express and Export Express loans, and loans made under the Community Advantage Pilot Program), except EWCP¹ loans. This document does not affect the allowable base rates used for variable rate loans as described in 13 CFR 120.214(c) as revised in 87 FR 38900.

Effective August 1, 2022, for any complete 7(a) loan application received by SBA or any request for an SBA Loan Number submitted by a Lender under its delegated authority (including fixed rate SBA Express and Export Express loans, and fixed rate loans made under the Community Advantage Pilot Program), except EWCP loans, the maximum allowable fixed interest rate will be the Prime rate in effect on the first business day of the month plus:

- (i) 800 basis points for loans of \$25,000 or less;
- (ii) 700 basis points for loans over \$25,000 but not exceeding \$50,000;
- (iii) 600 basis points for loans greater than \$50,000, up to and including \$250,000;

or

- (iv) 500 basis points for loans over \$250,000.

Future revisions to the maximum allowable fixed interest rate for 7(a) guaranteed loans will be published periodically by SBA in the Federal Register and posted monthly on SBA's website at

<https://catran.sba.gov/ftadistapps/ftawiki/downloadsandresources.cfm>.

Authority: 15 U.S.C. 636(a)(4)(A) and 13 CFR 120.213.

John Miller,
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Office of Capital Access.

¹ In accordance with 13 CFR 120.344(c), "SBA does not prescribe the interest rates for the EWCP but will monitor these rates for reasonableness."

